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**ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS**

In the Matter of the Mortgage Banker License of: No. 09F-BD037-BNK

**FIRSTLINE RESIDENTIAL, INC. and  
MIKE N. RAFIPOOR, PRESIDENT**  
29900 N. 121st Lane  
Peoria, AZ 85383

**ORDER OF SUMMARY SUSPENSION  
AND NOTICE OF HEARING TO REVOKE**

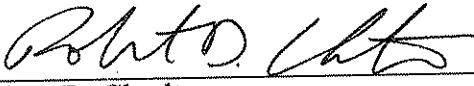
Respondents.

The Arizona Department of Financial Institutions (the "Department") hereby finds that Firstline Residential, Inc. and Mike N. Rafipoor, President ("Respondents") have violated the provisions of the Arizona Revised Statutes ("A.R.S."), Title 6 as set forth below and finds that the public health, safety and welfare require emergency action pursuant to A.R.S. §§ 6-945 and 41-1092.11(B).

**THEREFORE, IT IS ORDERED** to summarily suspend the Arizona mortgage banker license held by Respondents, effective immediately, pending the proceedings for revocation or other action commenced this date. **This suspension is effective immediately.**

EFFECTIVE this 20 day of October, 2008.

Felecia A. Rotellini  
Superintendent of Financial Institutions

By   
Robert D. Charlton  
Assistant Superintendent of Financial Institutions

**NOTICE OF HEARING AND COMPLAINT**

PLEASE TAKE NOTICE that, pursuant to Arizona Revised Statutes ("A.R.S.") §§ 6-138, and 41-1092.02, the above-captioned matter will be heard through the Office of Administrative Hearings, an independent agency, and is scheduled for November 25, 2008, at 9:00 a.m., at the Office of Administrative Hearings, 1400 West Washington, Suite 101, Phoenix, Arizona, (602) 542-

1 9826 (the "Hearing").

2 The purpose of the Hearing is: (1) to determine whether grounds exist to suspend or revoke  
3 Respondents' mortgage banker license; (2) to order any other remedy necessary or proper for the  
4 enforcement of statutes and rules regulating mortgage bankers in Arizona pursuant to A.R.S.  
5 §§ 6-123 and 6-131; and (3) to impose a civil money penalty pursuant to A.R.S. § 6-132.

6 Pursuant to A.R.S. § 6-138, the Superintendent of Financial Institutions for the State of  
7 Arizona (the "Superintendent") delegates the authority vested in the Superintendent, whether implied  
8 or expressed, to the Director of the Office of Administrative Hearings or the director's designee to  
9 preside over the Hearing as the Administrative Law Judge, to make written recommendations to the  
10 Superintendent consisting of proposed Findings of Fact, Conclusions of Law, and Order. The Office  
11 of Administrative Hearings has designated Lewis Kowal, at the address and phone number listed  
12 above, as the Administrative Law Judge for these proceedings. Pursuant to Arizona Administrative  
13 Code ("A.A.C.") Rule 2-19-104 and A.R.S. §§ 41-1092.01(H)(1) and 41-1092.08, the  
14 Superintendent retains authority to enter orders granting a stay, orders on motions for rehearing, final  
15 decisions pursuant to A.R.S. § 41-1092.08 or other order or process which the Administrative Law  
16 Judge is specifically prohibited from entering.

17 Motions to continue this matter shall be made in writing to the Administrative Law Judge **not**  
18 **less than fifteen (15) days** prior to the date set for the Hearing. A copy of any motion to continue  
19 shall be mailed or hand-delivered to the opposing party on the same date of filing with the Office of  
20 Administrative Hearings.

21 A.R.S. § 41-1092.07 entitles any person affected by this Hearing to appear in person and by  
22 counsel, or to proceed without counsel when submitting evidence, to have a reasonable opportunity  
23 to inspect all documentary evidence, to cross-examine witnesses, to present evidence and witnesses  
24 in support of his/her interests, and to have subpoenas issued by the Administrative Law Judge to  
25 compel attendance of witnesses and production of evidence. Pursuant to A.R.S. § 41-1092.07(B),  
26 any person may appear on his or her own behalf or by counsel.

1 Pursuant to A.R.S. § 41-1092.07(E), a clear and accurate record of the proceedings will be  
2 made by a court reporter or by electronic means. Any party that requests a transcript of the  
3 proceedings shall pay the cost of the transcript for the court reporter or other transcriber.

4 Questions concerning issues raised in this Notice of Hearing should be directed to Assistant  
5 Attorney General Alyse Meislik, (602) 542-7727, 1275 West Washington, Phoenix, Arizona 85007.

#### 6 NOTICE OF APPLICABLE RULES

7 The hearing will be conducted pursuant to A.A.C. R20-4-1201 through R20-4-1220 and the  
8 rules governing procedures before the Office of Administrative Hearings, A.A.C. R2-19-101 through  
9 R2-19-122. A copy of these rules is enclosed.

10 Pursuant to A.A.C. R20-4-1209, Respondents shall file a written answer **within twenty (20)**  
11 **days** after issuance of this Notice of Hearing. The answer shall briefly state the Respondents'  
12 position or defense and shall specifically admit or deny each of the assertions contained in this  
13 Notice of Hearing. If the answering Respondents are without or are unable to reasonably obtain  
14 knowledge or information sufficient to form a belief as to the truth of an assertion, Respondents shall  
15 so state, which shall have the effect of a denial. Any assertion not denied is deemed admitted.  
16 When Respondents intend to deny only a part or a qualification of an assertion, or to qualify an  
17 assertion, Respondents shall expressly admit so much of it as is true and shall deny the remainder.  
18 Any defense not raised in the answer is deemed waived.

19 **If a timely answer is not filed, pursuant to A.A.C. R20-4-1209(D), Respondents will be**  
20 **deemed in default** and the Superintendent may deem the findings in this Notice of Hearing as true  
21 and admitted and the Superintendent may take whatever action is appropriate, including (1)  
22 suspension or revocation of Respondents' license; (2) any other remedy necessary or proper for the  
23 enforcement of statutes and rules regulating mortgage bankers in Arizona pursuant to A.R.S. §§ 6-  
24 123 and 6-131; and (3) imposing a civil money penalty pursuant to A.R.S. § 6-132..

25 Respondents' answer shall be mailed or delivered to the Arizona Department of Financial  
26 Institutions, 2910 North 44th Street, Suite 310, Phoenix, Arizona 85018, with a copy mailed or

1 delivered to the Office of Administrative Hearings, 1400 West Washington, Suite 101, Phoenix,  
2 Arizona 85007 and to Assistant Attorney General Alyse Meislik, Consumer Protection & Advocacy  
3 Section, Attorney General's Office, 1275 West Washington, Phoenix, Arizona 85007.

4 **Persons with disabilities may request reasonable accommodations such as interpreters,**  
5 **alternative formats, or assistance with physical accessibility.** Requests for special  
6 accommodations must be made as early as possible to allow time to arrange the accommodations. If  
7 accommodations are required, call the Office of Administrative Hearings at (602) 542-9826.

### 8 FINDINGS

9 1. Respondent Firstline Residential, Inc., ("FRI") is a Nevada corporation authorized to  
10 transact business in Arizona as a mortgage banker, license number BK 0909795, within the meaning  
11 of A.R.S. §§ 6-941, *et seq.* The nature of FRI's business is that of making, negotiating, or offering  
12 to make or negotiate loans secured by Arizona real property, within the meaning of A.R.S. § 6-  
13 941(5).

14 2. Respondent Mike N. Rafipoor ("Mr. Rafipoor") is the President and one hundred  
15 percent (100%) owner of FRI. Mr. Rafipoor is authorized to transact business in Arizona as a  
16 mortgage banker within the meaning of A.R.S. § 6-943(F).

17 3. FRI, before conducting business as a mortgage banker, is required to have a surety  
18 bond, deposited with the Superintendent, pursuant to A.R.S. § 6-943(H), in the required amount  
19 pursuant to A.R.S. § 6-943(H).

20 4. On August 11, 2008, the Department received a Notice of Cancellation of Bond from  
21 Hartford Fire Insurance Company, stating that Rafipoor Funding Group, Inc.'s surety bond, number  
22 83BSBEO0640, in the amount of twenty-five thousand dollars (\$25,000.00), will be cancelled,  
23 effective September 17, 2008.

24 5. Department records reflect surety bond number 83BSBEO0640 is for Firstline  
25 Residential, Inc.

6. On August 14, 2008, the Department sent a letter via certified mail to FRI, informing them of the bond cancellation.

7. On August 14 2008, the Department contacted Hartford Fire Insurance Company regarding the discrepancy in the principal on record with the Department for bond number 83BSBEO0640 and the Notice of Cancellation of Bond the Department received. The Department was provided a copy of a bond RIDER that was executed on February 8, 2008 changing the name of the principal from Firstline Residential, Inc. to Rafipoor Funding Group, Inc.

8. FRI completed a name change with the Arizona Corporation Commission on May 12, 2008. FRI changed its name from Firstline Residential, Inc. to Rafipoor Funding Group, Inc.

9. To date, FRI has not notified the Department of any change in its name.

10. FRI failed to provide documentation regarding the reinstatement of their bond or documentation of a new surety bond.

11. FRI does not have the required surety bond in order to conduct business as a mortgage banker.

12. The conduct described above constitutes an immediate threat to the public health, safety, and welfare, warranting immediate suspension of Respondents' mortgage banker license because Respondents are able to conduct business in Arizona as a licensed mortgage banker and they do not have the required surety bond.

13. The mortgage banker license of FRI is suspended.

14. The conduct described above constitutes grounds for revocation of Respondents' mortgage banker license.

LAW

1. Pursuant to A.R.S. Title 6, Chapter 9, the Superintendent has the authority and duty to regulate all persons engaged in the mortgage banker business and with the enforcement of statutes, rules, and regulations relating to mortgage bankers.

1           2.       By the conduct set forth above in the Complaint, FRI and Mr. Rafipoor violated  
2 A.R.S. § 6-943(H) by failing to maintain the required surety bond.

3           3.       Respondents have not conducted business in accordance with the law and violated  
4 Title 6, Chapter 9 and the rules relating to this chapter, which are grounds for the suspension or  
5 revocation of Respondents' license pursuant to A.R.S. § 6-945(A)(7).

6           4.       The violations, set forth above, constitute grounds for the pursuit of any other  
7 remedy necessary or proper for the enforcement of statutes and rules regulating mortgage bankers in  
8 Arizona pursuant to A.R.S. §§ 6-123 and 6-131.

9           5.       Pursuant to A.R.S. § 6-132, Respondents' violations of the aforementioned statutes  
10 are grounds for a civil penalty of not more than five thousand dollars (\$5,000.00) for each violation  
11 for each day.

12           WHEREFORE, if after a hearing, the Superintendent makes a finding of one or more of the  
13 above described violations or other grounds for disciplinary action, the Superintendent may: (1)  
14 suspend or revoke FRI and Mr. Rafipoor's mortgage banker license pursuant to A.R.S. § 6-945; (2)  
15 order any other remedy necessary or proper for the enforcement of statutes and rules regulating  
16 mortgage bankers in Arizona under A.R.S. §§ 6-123 and 6-131; and (3) impose a civil penalty  
17 pursuant to A.R.S. § 6-132.

18           DATED this 20 day of October, 2008.

19  
20 

21 Robert D. Charlton  
22 Assistant Superintendent of Financial Institutions

23 ORIGINAL of the foregoing filed this 20th  
24 day of October, 2008, in the office of:

25 Felecia Rotellini  
26 Superintendent of Financial Institutions  
Arizona Department of Financial Institutions  
ATTN: Susan Longo  
2910 N. 44th Street, Suite 310  
Phoenix, AZ 85018

1 COPY mailed/delivered same date to:

2 Lewis Kowal, Administrative Law Judge  
3 Office of the Administrative Hearings  
4 1400 West Washington, Suite 101  
Phoenix, AZ 85007

5 Alyse C. Meislik, Assistant Attorney General  
6 Attorney General's Office  
7 1275 West Washington  
Phoenix, AZ 85007

8 Richard Fergus, Licensing Division Manager  
9 Tammy Seto, Senior Examiner  
10 Arizona Department of Financial Institutions  
2910 N. 44th Street, Suite 310  
Phoenix, AZ 85018

11 AND COPY MAILED SAME DATE, by  
12 Certified Mail, Return Receipt Requested to:

13 Firstline Residential, Inc.  
14 Attn: Mike N. Rafipoor, President  
29900 N. 121<sup>st</sup> Lane  
Peoria, AZ 85383

15 Firstline Residential, Inc.  
16 Attn: Mike N. Rafipoor, President  
17310 Redhill Ave., Suite 250  
Irvine, CA 92614

17 Paracorp Incorporated  
18 Statutory Agent for Firstline Residential, Inc.  
19 AKA Rafipoor Funding Group, Inc.  
638 N. 5<sup>th</sup> Ave.  
Phoenix, AZ 85003

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